



## Compact Goal

MCC signed a 5-year Compact with the Government of Honduras in June, 2005. The Compact seeks to reduce poverty by increasing the productivity and business skills of farmers who operate small and medium size farms and their employees, and by reducing transportation costs between targeted production centers and national, regional and global markets. The Rural Development Project and the Transportation Project of the Program are respectively focused on achieving these goals. The Program seeks to improve incomes by \$69 million per year. The MCA program is managed by MCA-Honduras ([www.mcahonduras.hn](http://www.mcahonduras.hn)) a Honduran government entity comprised of a technical unit and a supervisory board with civil society and government representation

## Update on Progress

### Rural Development Project

- The Farmer Training and Development Activity (FTDA) is making significant progress in meeting targets for the first twelve months of implementation. Over 700 farmers are currently receiving training on production and small business skills through weekly on-farm visits by professional agronomists. In addition, 220 farmers are undergoing the selection process prior to official registration as program farmers.
- It is expected that 8,225 farmers will receive such training over the 5 year life of the Program. Relationships with exporters and local markets for commercialization of products grown by program farmers continue to be strengthened.
- Program farmers have invested (to date) more than \$255,000 in fixed assets, primarily related to the installation of irrigation equipment. This value of client investment is approximately 44% of total investment on clients' farms during this first year of the project.
- 325 program farmers have developed business plans following their participation in a business planning workshop conducted by business experts through the FTDA.

- MCA-Honduras received a total of 18 proposals for funding by the Agricultural Public Goods Grants Facility (APGGF). Proposal evaluation memos are being developed for submission to the Grants Committee for approval by the end of September. .
- Within the Farm to Market Roads Activity , more than 1200 km. of rural roads have been traveled in the process of evaluating the rural road's overall conditions, location and compliance with defined qualifying criteria in addition to collecting information required to estimate the ERRs. The mayors of the corresponding municipalities have demonstrated high interest in this activity and continue to actively support the MCA-Honduras team in completing this step in the road selection process.

### Transportation Project

- ASP Consultores, the firm hired by MCA-Honduras to develop the resettlement action plans for the CA-5 highway, is on schedule and close to finalizing the surveys of the affected parties along the road.
- Louis Berger, the firm selected to serve as the Transportation Project Manager (TPM), is reviewing final designs and integrating the resettlement action plans into the transportation project activities.
- As agreed with MCC, the Government of Honduras has committed to increasing funding for road maintenance to \$45 million in 2007. It has committed to further increases through 2010.
- MCA-Honduras has prioritized four secondary roads for improvement as part of its ongoing process of selecting secondary roads for upgrading.
- The Government of Honduras is preparing a decree that will enable the implementation of the resettlement activities in time to allow for construction on the CA-5 highway.
- MCC is reviewing the Government of Honduras' second quarterly progress report on road maintenance.
- Construction on the CA-5 highway is expected to start in early 2008. Construction on the secondary roads is expected in late 2007.

## Compact Status

Status..... Implementation, Year 2

## Compact Information

Total Amount..... \$215 million

Duration .....5 years

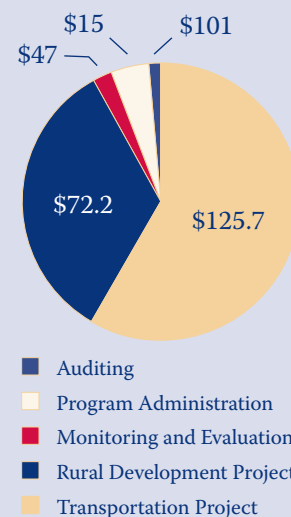
Compact Signed .....6-13-2005

## Country Information

Population ..... 7,204,723\*

GNI Per Capita..... \$1,190\*

## Obligations by Key Sector in millions



## Disbursement Schedule

in millions

